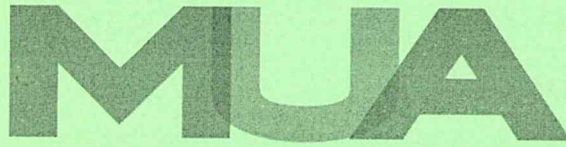


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP**

**BMT 400 : INTERNATIONAL BUSINESS, TRADE AND FINANCE**

**DATE: 8<sup>TH</sup> DECEMBER 2016**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. DO NOT write on this question paper.
3. This paper contains SIX (6) questions.
4. Question ONE is compulsory.
5. Answer any other THREE questions.
6. Question ONE carries 25 MARKS and the rest carry 15 MARKS each.
7. Write all your answers in the Examination answer booklet provided.



## QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

### **MITSUBISHI CHANGES ITS IMAGE AND STRATEGIES**

The Mitsubishi Corporation is an example of a human enterprise that has successfully been altering the way it envisions itself by changing the culture of its operations and communication strategy. Mitsubishi was founded over a hundred years ago as a trading company. In 1870 it viewed itself as an organization to serve the needs of the Japanese society by trading abroad to end centuries of isolation and avoid domination by foreign merchants. Japanese companies through Mitsubishi could access raw materials and technologies from around the world while gaining access to export markets.

Mitsubishi's mission and growth was interrupted by world-war 2 after which it was restructured and renewed making Japan Inc. number one in world trade. In mid 80s the organization was going through another identity crisis and changing its image as a commission trader. By 1983 this leading general trading corporation had \$ 65 billion in sales and along the way it created a subsidiary "Mitsubishi International Corporation" (MIC) based in New York. The primary reason for this organizational change was caused by Mitsubishi clients being able to do their own purchases and marketing overseas something they never did before in addition changing factors in the world economy warranted transformation of corporate strategies.

Many company traditions that were common with Japanese business culture in the industry were inhibiting corporate change in growth and flexibility. These include rigid human resource policies with respect to recruitment, hierarchical promotions and compensation, reluctance to appoint foreigners to leadership positions and lack of new skills for discovering resources and technology. To survive and prosper Mitsubishi and MIC initiated planned changes so as to be more proactive rather than reactive to global changes, give subsidiaries more autonomy. It sought growth opportunities worldwide in knowledge, environmental health and leisure industries as well as high technology businesses and resource development.



Mitsubishi International Corporation (MIC) entered into more successful ventures with American companies assisting the latter with international trading expertise. It provide more opportunities for North Americans in its hiring and promotion policies especially among locals with high performance record for innovation and self-direction, more human resource endeavors for both American and Japanese personnel. Americans could now be found in key management positions and often spent more time at corporate headquarters in Tokyo. Mitsubishi is dedicated towards personal growth and globalization in the positive sense of the term.

These leadership changes are geared towards adapting new technologies for the creation of new products and services. Mitsubishi still faces many more challenges for change but in the process it is becoming a world corporation that is more flat, decentralized in structure, more entrepreneurial in management skills, more active in the practice of corporate social responsibility, more concerned about human development and the promotion of exports in the countries in which it operates. Fundamentally in ensuring success it continuously alters its organizational culture and exercises leadership in implementing new strategies.

**Required:**

- a. Define the term a multi-national company and explain whether Mitsubishi is a multinational firm? (2marks)
- b. State any four proactive reasons for firms going international. (Which one motivated) Mitsubishi expansion abroad. (9marks)
- c. State three environmental challenges firms face in international expansion. Explain which environmental challenge was the cause for Mitsubishi initial slow progress in growth. (8marks)
- d. Briefly explain any three changes Mitsubishi has undertaken to transform its corporate image. (6marks)

**QUESTION TWO**

- a. State two International trade theories and analyze their applicability to modern day international business. (6marks)



- b. There has been raging debate on the bad effects of globalization on the developing world. Discuss the statement in the context of Africa and Asia developing countries. (9marks)

### QUESTION THREE

- a. Define the term balance of trade, and explain the importance of a country's balance of payments statement. (8 marks)
- b. Mwololo enterprises, a Kenyan firm in the packaging industry wants to enter the Mozambique market through a joint venture with a host firm. Define what a joint venture is and state the benefits and risks of this strategy (7marks)

### QUESTION FOUR

- a. State four trade benefits firms can gain from the East African community regional bloc (4marks)
- b. Define the concept of foreign direct investment and suggest three factors that attract foreign direct investment. (11 marks)

### QUESTION FIVE

- a. Distinguish between Equity and non-equity nature of strategic alliances in international business. (3marks).
- b. Define the EPG concept. Use relevant examples (6 marks)
- c. Explain the difference between the roles played by IMF and the World Bank in the international monetary system. (6 marks)

### QUESTION SIX

- a. State three primary roles of WTO in International Trade (6marks)
- b. Evaluate three strategies firms use to mitigate foreign exchange fluctuations when operating in host country environments (9 marks)